

City Light Rates Workshop

Responses to Questions from
February 15 Workshop



Seattle City Light

Issues Raised at Feb. 15 Workshop

- City Light's Capital program
 - Is it adequate to deal with projected growth?
 - Who pays for growth?



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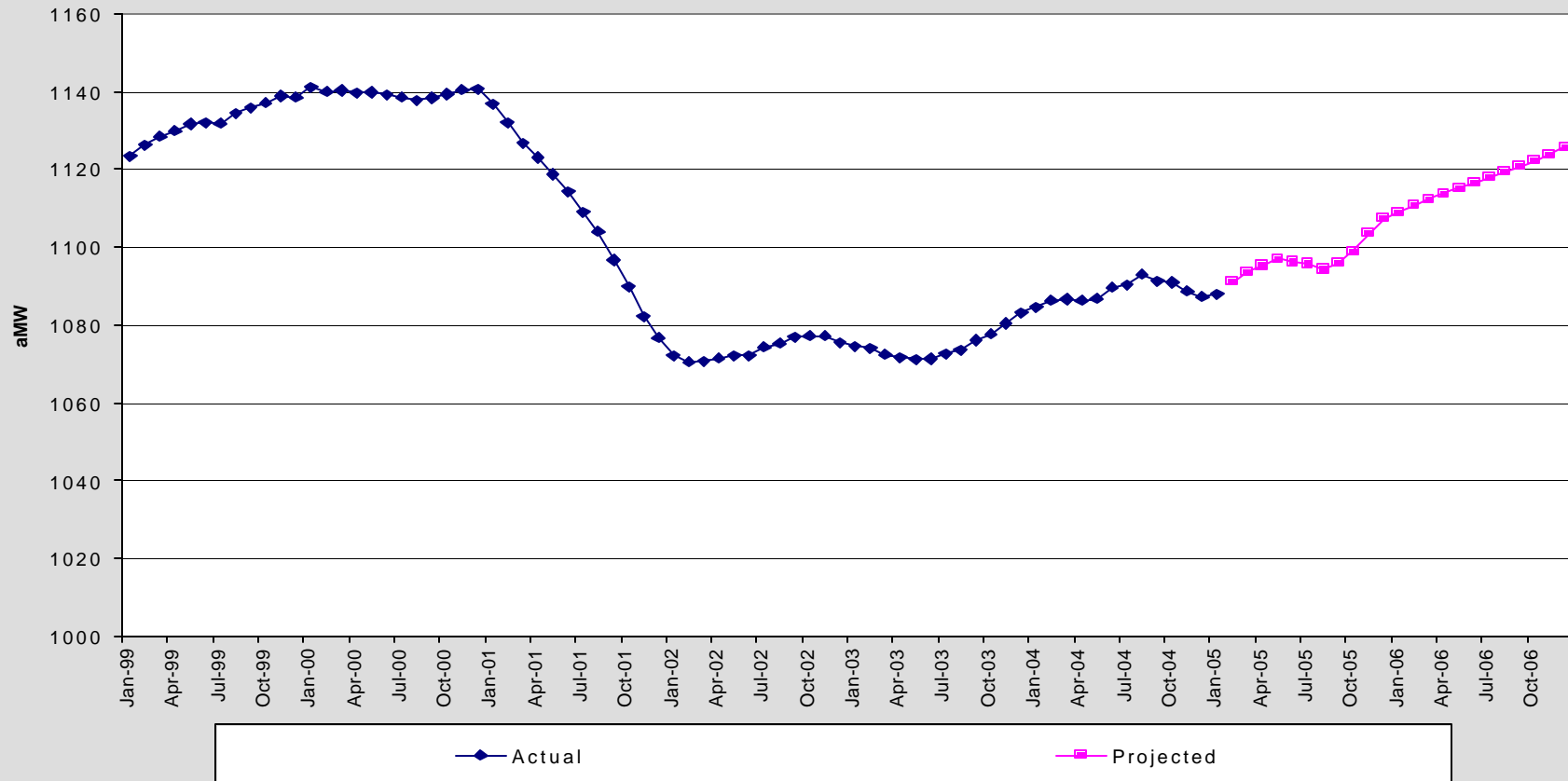
Are Resources and Capital Plans Adequate to Meet Future Growth in Demand?



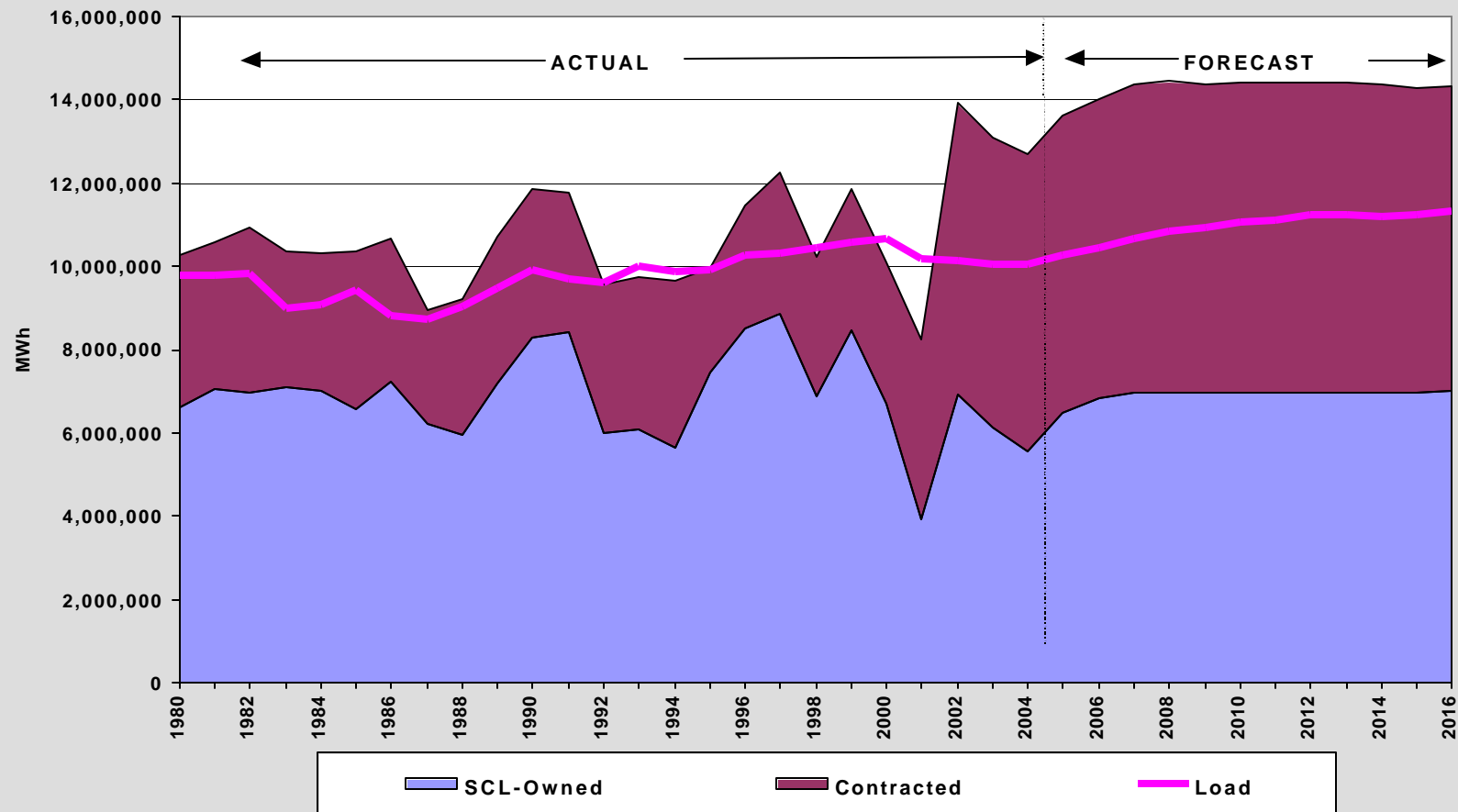
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System Load: January 1999-December 2006

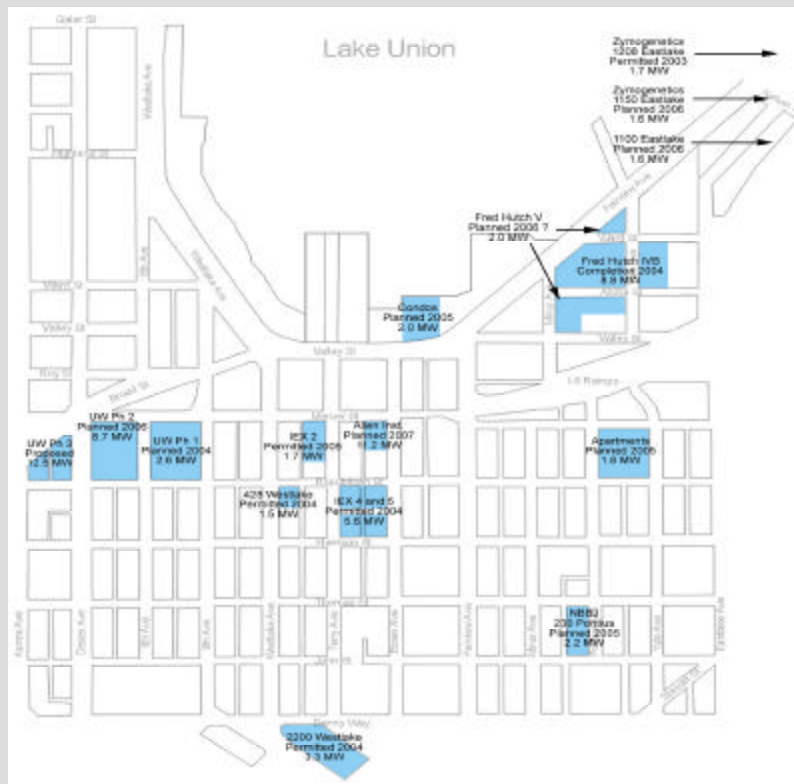
12-month Moving Average



SCL Loads & Resources: 1980-2016



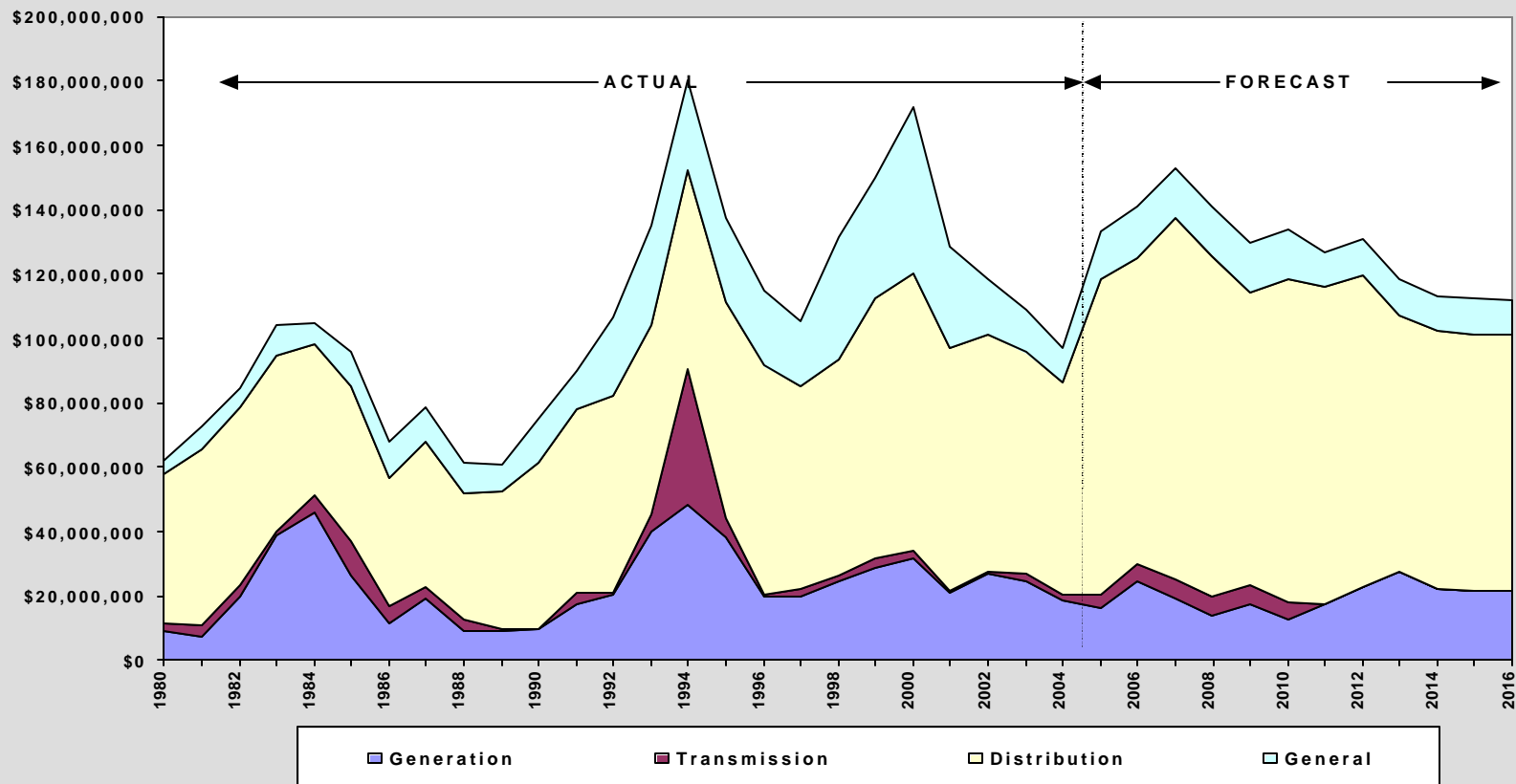
South Lake Union



- Decision: Increase Broad and University substation feeder capacities and add new transformer bank at Broad.
- Future new substations?
 - Interbay: CIP 2007-2009
 - SLU: Purchase land 2006

CIP Expenditures: 1980-2016

(in Constant 2005 \$)



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G & T Capital Projects: 2005-2010

- \$150.5 million
- Major projects:
 - Turbine runner replacements \$5.8 m
 - Generator rebuilds \$32.8 m
 - Boundary plant improvements \$21.3 m
 - Skagit plant improvements \$35.6 m
 - Other Generation \$19.8 m
 - Transmission reliability & capacity \$35.1 m



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Distribution Capital Projects 2005-2010

- \$662.5 million
- Major projects:
 - Substations \$132.0 m
 - Network improvements \$127.7 m
 - Capacity additions \$106.0 m
 - Regional transportation projects \$97.5 m
 - Service connections \$81.5 m

Who Pays for Growth?

New Large Load Ordinance

- 2000 - Acceleration of load growth expected
 - Dot.com boom
 - Requests from “Internet farms” for large amounts of capacity
 - SCL dependent on market to meet load
 - Market prices were rising
- City Response - Recover costs of growth from those causing growth

New Large Load Ordinance (cont.)

- Ordinance 120111 - passed Oct. 16, 2000
- Special provisions for new or expanded loads in excess of 12.5 MVA.
 - Must pay market price for energy or secure their own
 - Must pay direct costs incurred by SCL in connecting them
 - Must pay costs of expanding the system

NLL Results

- Projected load never arrived (Dot.com bust)
- No customers now served as New Large Loads
- Change in NLL ordinance under consideration
 - Clarification of some provisions needed



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Planning & Financing System Expansion

- Issue: Developers tend to overstate the amount of capacity they will require
 - Leads to overbuilding by SCL
 - How to provide incentives for accuracy
- Issue: If expansion of distribution system is required, how should it be financed?
 - Will system expansion cause everyone's rates to jump?
 - If so, should those causing the expansion pay for it?

Alternatives

- Up-front payments based on capacity requested and cost of providing it (capacity charge)
- Require up-front cash deposit or bond based on capacity requested
 - Deposits returned if demand reaches level projected
 - Contract Demand Charges -- Customer pays demand charge based on projected peak demand, rather than actual demand.

Alternatives (cont.)

- Customer pays for transformer up-front and receives transformer investment credit
 - Up-front payment based on capacity of transformer
 - credit is based on actual usage



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